

SECRET [REDACTED]

IG 2009-0384

OFFICE OF INSPECTOR GENERAL

# SEMIANNUAL REPORT

TO THE DIRECTOR, CENTRAL INTELLIGENCE AGENCY

JANUARY-JUNE 2009



[REDACTED]  
Acting Inspector General

SECRET [REDACTED] [REDACTED]



## (U) A MESSAGE FROM THE INSPECTOR GENERAL

---

(U) The past six months were a time of change for the Office of Inspector General (OIG), as our Inspector General, John Helgerson, retired from the Agency. I am pleased to report that the important work of the OIG has continued, in part due to the high standards of quality and integrity that Mr. Helgerson embedded in the culture of the OIG. As this report indicates, the productivity of our office and relevance of our products remained high during the reporting period.

(U) Reflecting the growing importance of collaboration in the Intelligence Community (IC), the OIG continues to broaden collaboration with its IC partners. In May 2009, approximately 70 OIG officers participated in the 15<sup>th</sup> Annual Intelligence Community Inspectors General Conference, a one-day event that featured speakers and panels on a variety of topics and an opportunity to network with colleagues from throughout the OIG community. In addition, the Assistant Inspectors General for Audit, Inspections, and Investigations are all active participants in working groups composed of their counterparts from throughout the IC; these groups enable substantive collaboration and information sharing.

[REDACTED] The Audit Staff continues to be heavily involved in the oversight of IC programs. This reporting period, the Staff completed a joint audit of [REDACTED]. The audit was requested by the Senate Select Committee on Intelligence (SSCI) and conducted by the Inspectors General of the Office of the Director of National Intelligence, the Department of the Treasury, and the CIA. The Staff also participated in an IC-wide review of the President's Surveillance Program (PSP). Title III of the Foreign Intelligence Surveillance Act Amendments Act of 2008 required the inspectors general of the elements of the IC that participated in the PSP to conduct a comprehensive review of the program. The Staff published its results of the review of CIA's participation in the PSP in a report that will be included in a comprehensive report to be provided to the appropriate committees of the Congress in July 2009. Work continues on a joint audit [REDACTED].

[REDACTED] The Inspection and Investigations Staffs continued their outreach to counterpart organizations throughout the IC. Inspectors from the National Security Agency and the Defense Intelligence Agency participated in our New Inspector Training Course. [REDACTED]

[REDACTED]

(U) At the request of the Congress, the Audit Staff completed an audit of financial management of a [REDACTED] covert action activity. Other completed work included an audit of the general controls over the payroll system and an independent quality control review of the Agency's Financial Audit Services.

(U/ ) During the reporting period, the Inspection Staff continued its program of inspections of major Agency components. These included Africa Division (AF) in the National Clandestine Service and the Office of Congressional Affairs (OCA) in the Director's Area. The AF inspection found the Division to be very well-managed, efficient, and productive; in fact, the report contained a single, favorable finding and no recommendations for improvement. Notably, the Staff has not issued an inspection report without recommendations since September 2000. The OCA inspection reported positive information regarding that component's success in accomplishing its mission.

The Inspection Staff also completed reviews of diverse issues: Directorate of Intelligence Leadership Training, and the Publications Review Board (PRB) Process for Book Manuscripts.

The PRB inspection also responded to a request of the SSCI, this one aimed at determining whether the Board was in compliance with its own policies and procedures.

(U/ ) During the reporting period, the Investigations Staff supported the Department of Justice (DOJ) on a number of prosecutions of Agency employees and presented Agency management and disciplinary boards with findings and recommendations from internal administrative investigations. The Staff's investigation into the unlawful awarding of contracts by a former Agency executive ended with him being sentenced to 37 months of incarceration on one count of depriving the United States and its citizens of the right to his honest services. The Staff also supported DOJ in the arrest and prosecution of a former Agency employee for the theft and fraudulent use of US Government credit cards. This employee was sentenced to one year and one day of incarceration on one count of access device fraud.

(U) The OIG awaits the selection of a Presidentially-appointed, Senate-confirmed IG to ensure the continued success of our independent oversight function at CIA. In the interim, I am confident that we will continue to promote organizational excellence through recommendations designed to promote efficiency, effectiveness, and accountability in the administration of CIA activities. I appreciate the professionalism and dedication demonstrated on a daily basis by OIG officers as we carry out our mission.

Acting  
8 July 2009

## TABLE OF CONTENTS

---

	PAGE
(U) STATUTORY REQUIREMENTS .....	5
(U) AUDITS.....	7
(U) Completed Audits.....	8
(U) Status of Significant Recommended Actions Outstanding From Previous Semiannual Reports .....	14
(U) Summaries of Selected Current Audits .....	23
(U) INSPECTIONS.....	25
(U) Completed Inspections.....	26
(U) Status of Significant Recommended Actions Outstanding From Previous Semiannual Reports .....	32
(U) Summaries of Current Inspections .....	36
(U) INVESTIGATIONS .....	37
(U) Completed Investigations .....	39
(U) Status of Significant Recommended Actions Outstanding From Previous Semiannual Reports .....	41
(U) ANNEX SECTION	
(U) Statistical Overview	
(U) Completed Audits	
(U) Current Audits	
(U) Completed Inspections	
(U) Current Inspections	
(U) Completed Investigations	
(U) Current Investigations	

~~SECRET~~ [ ]

~~SECRET~~ [ ]

## (U) STATUTORY REQUIREMENTS

---

(U) This report is submitted pursuant to Section 17 of the CIA Act of 1949, as amended, which requires the Inspector General (IG) to provide to the Director, Central Intelligence Agency, not later than 31 January and 31 July of each year, a semiannual report summarizing the activities of the Office of Inspector General (OIG) for the immediately preceding six-month periods, ending 31 December and 30 June, respectively.

(U) All audit activities of the OIG are carried out in accordance with generally accepted government auditing standards. All OIG inspection and investigation activities conform to standards promulgated by the Council of the Inspectors General on Integrity and Efficiency.

(U) The OIG has had full and direct access to all Agency information relevant to the performance of its duties.

## (U) SUBPOENA AUTHORITY

(U/ [ ]) During this reporting period, the IG issued [ ] subpoenas, [ ] involving allegations of fraud and theft and [ ] involving alleged improper [ ] prohibited by Section 402 of the Intelligence Authorization Act for Fiscal Year 1997.

## (U) LEGISLATIVE PROPOSALS

(U) The OIG submitted no legislative proposals during this reporting period but continues to support legislation that would grant the CIA Inspector General the authorities provided other US Government statutory Inspectors General, including the authorities set forth in the Inspector General Reform Act of 2008. Among other things, such authorities will help ensure the independence and effectiveness of the CIA Office of Inspector General, particularly with regard to the employment of OIG personnel and oversight of the CIA IG.

~~SECRET~~/



~~SECRET~~/



## (U) AUDITS

---

(U/[redacted]) The Audit Staff conducts performance and financial audits of CIA programs and activities, including those that have been mandated either by the Congress or through statute: the annual independent audit of the CIA's financial statements, the annual independent evaluation of the CIA information security program and practices required by the Federal Information Security Management Act, and periodic audits of CIA covert action programs. The Audit Staff also participates with other federal agencies and departments to conduct joint reviews of Intelligence Community (IC) programs and activities. The Staff conducts its audits in accordance with generally accepted government auditing standards.

[redacted] This reporting period, the Staff completed work on a joint audit and a joint review. The Staff issued a final audit report [redacted] The audit was requested by the Senate Select Committee on Intelligence and was conducted by the Inspectors General of the Office of the Director of National Intelligence, the Department of the Treasury, and the CIA. The Staff also participated in an IC-wide review of the President's Surveillance Program (PSP). Title III of the Foreign Intelligence Surveillance Act Amendments Act of 2008 required the inspectors general of the elements of the IC that participated in the PSP to conduct a comprehensive review of the program. The Staff published its results of the review of CIA's participation in the PSP in a report that will be included in a report to be provided to the appropriate committees of the Congress in July 2009.

[redacted] The Staff completed an audit of [redacted] and an audit of a covert action program. An independent quality control review of the CIA's Financial Audit Services was also completed.

~~SECRET~~/



## **(U) COMPLETED AUDITS**

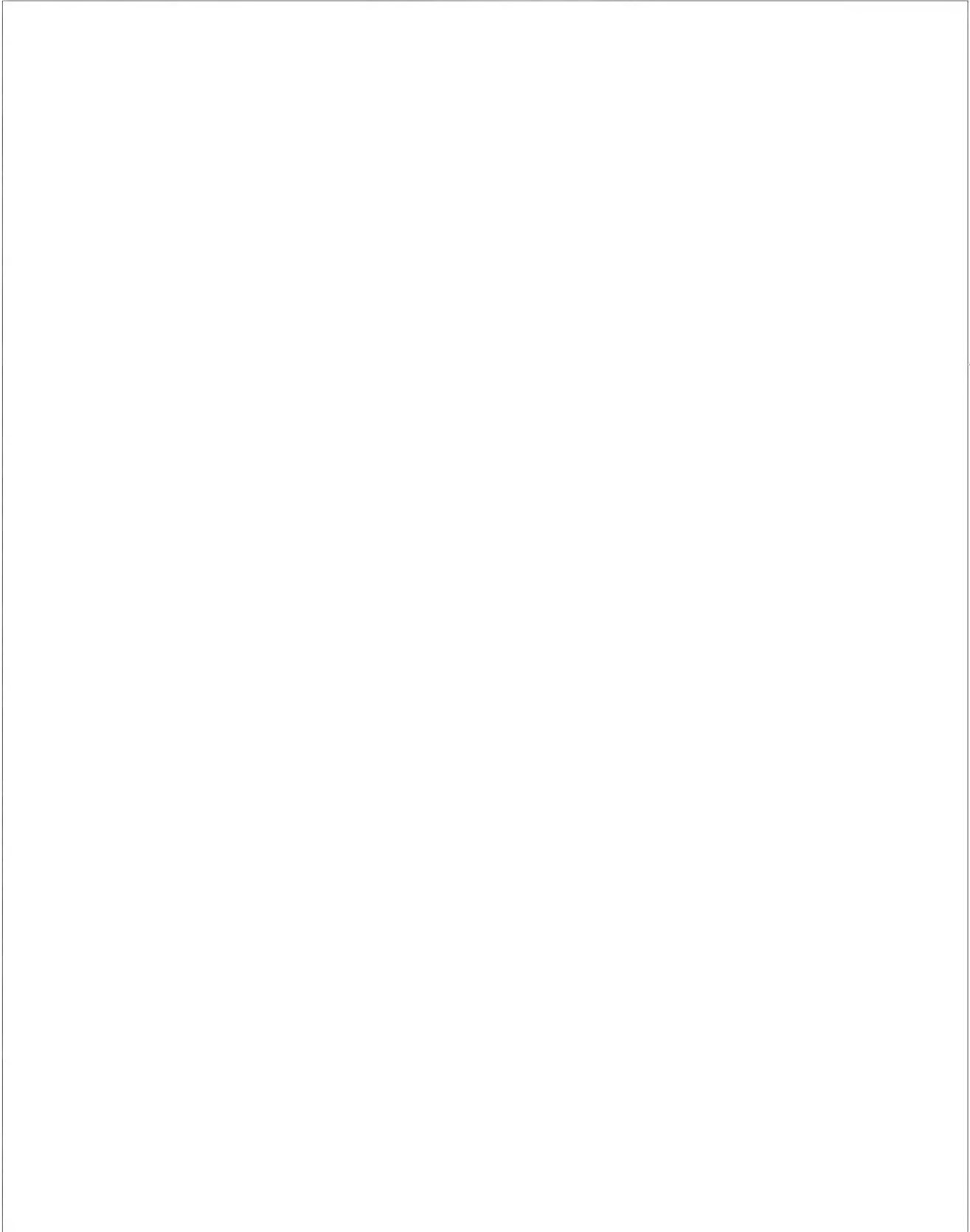
---



~~SECRET~~/

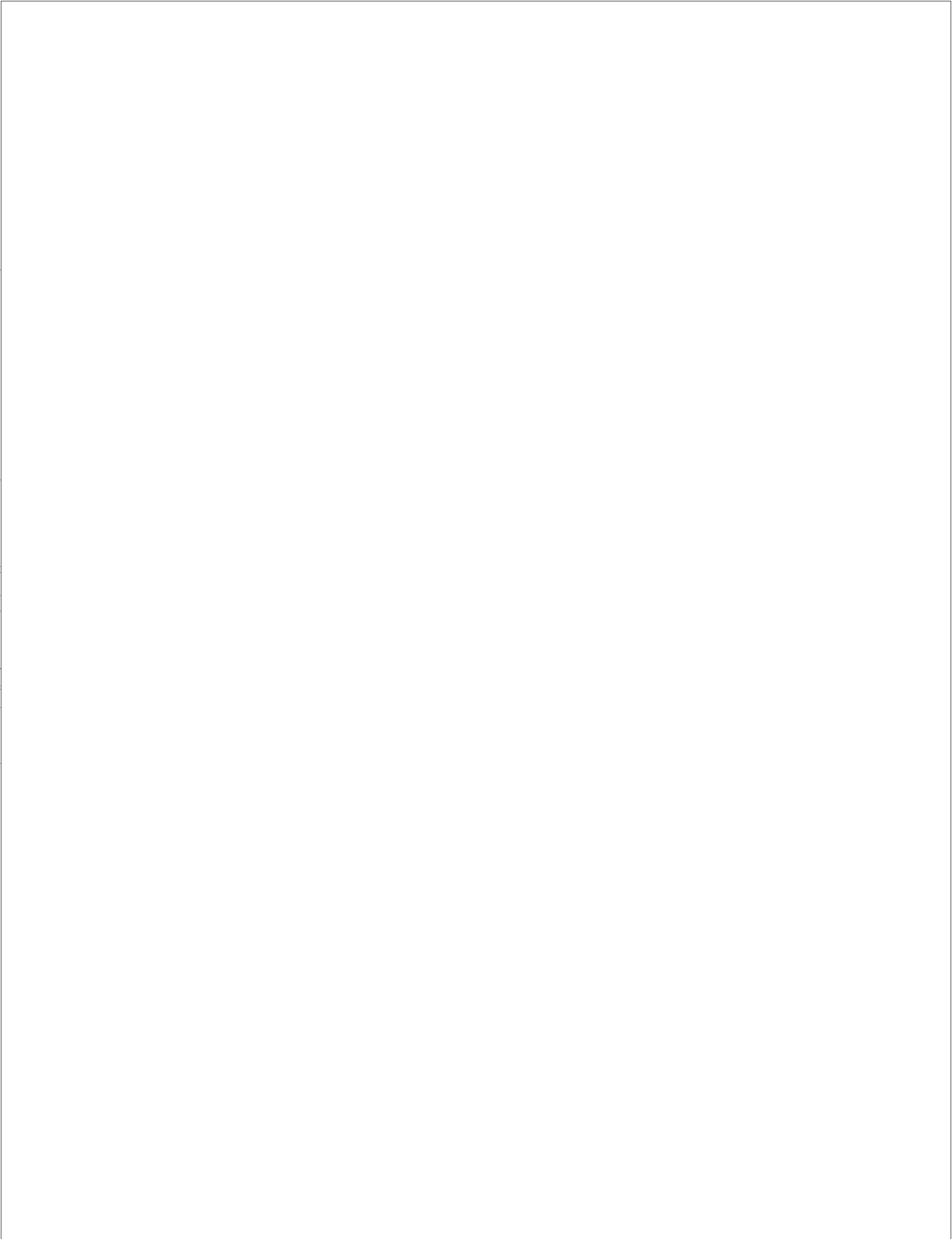


~~SECRET~~



~~SECRET~~

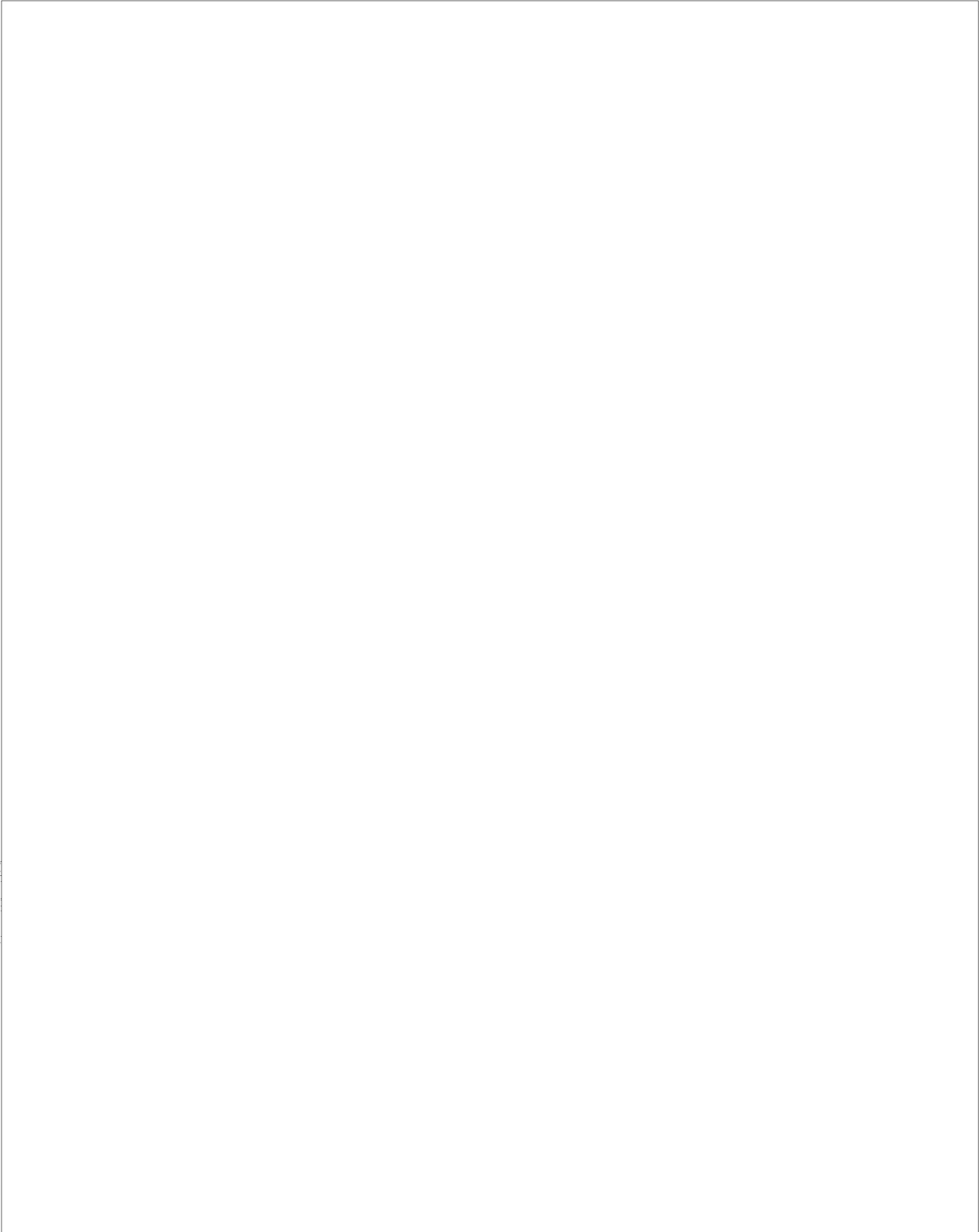
~~SECRET~~



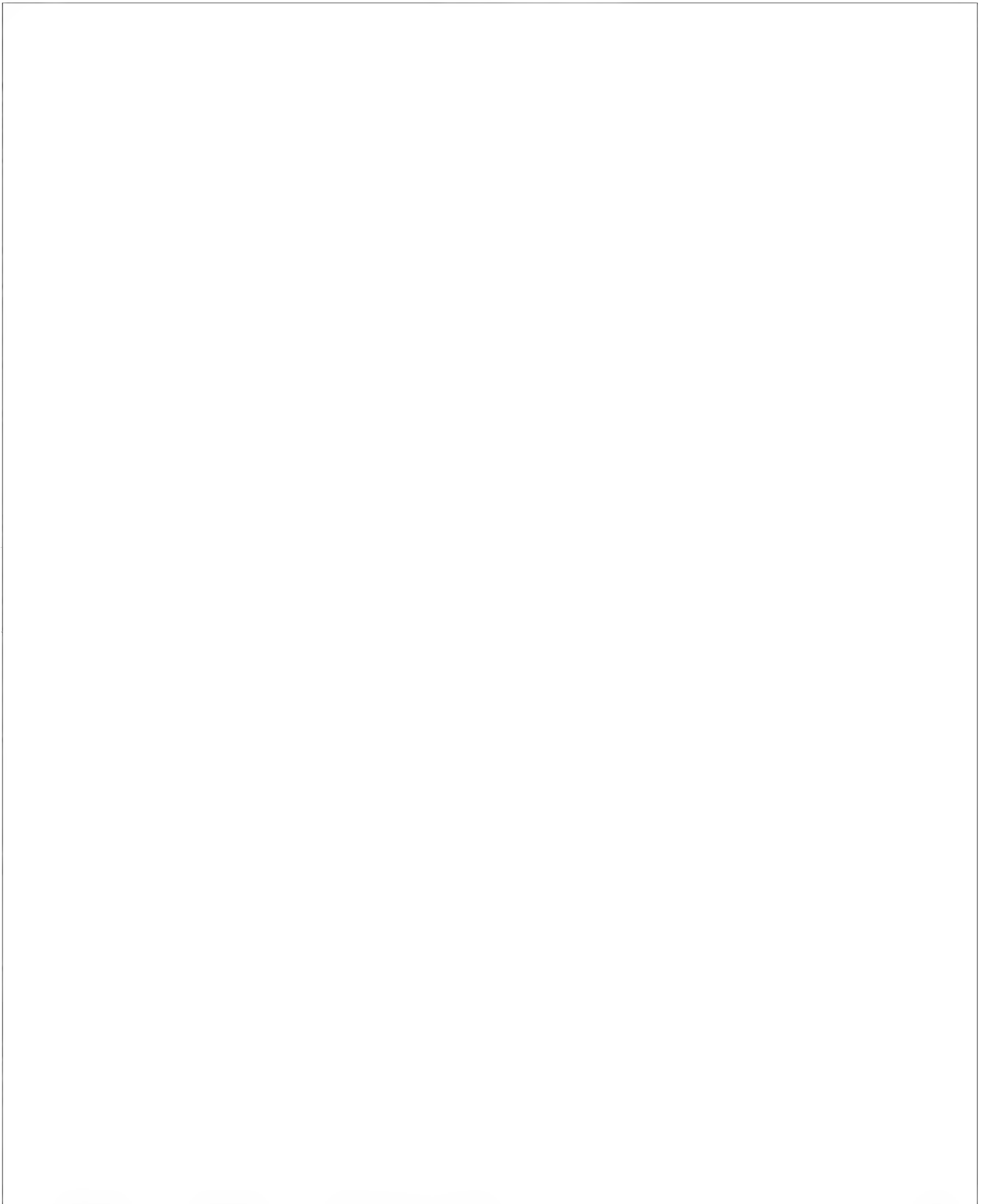
~~SECRET~~



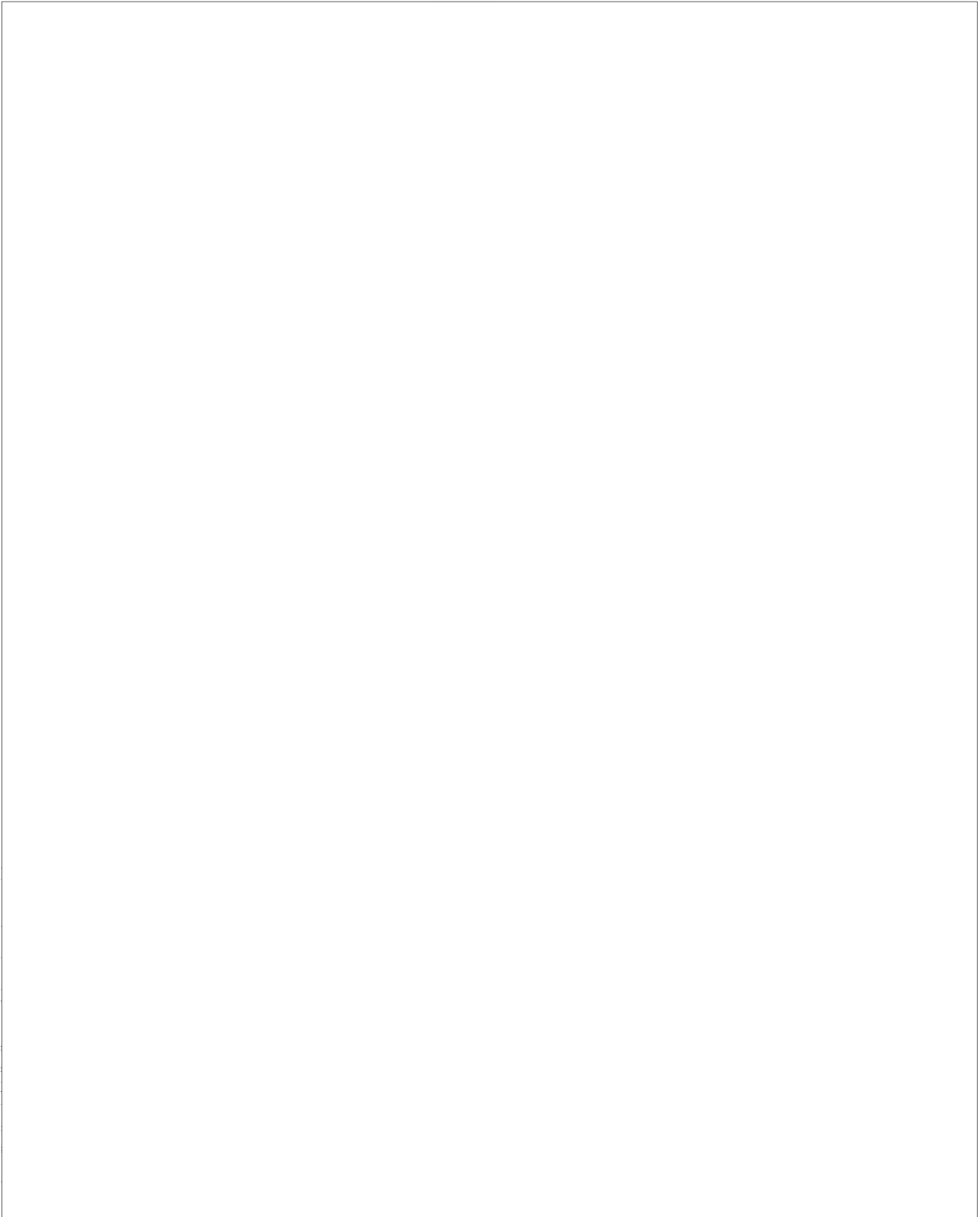
~~SECRET~~/



~~SECRET~~/



~~SECRET~~



~~SECRET~~



~~SECRET~~

**(U) STATUS OF SIGNIFICANT RECOMMENDED ACTIONS  
OUTSTANDING FROM PREVIOUS SEMIANNUAL REPORTS**

---

--

~~SECRET~~

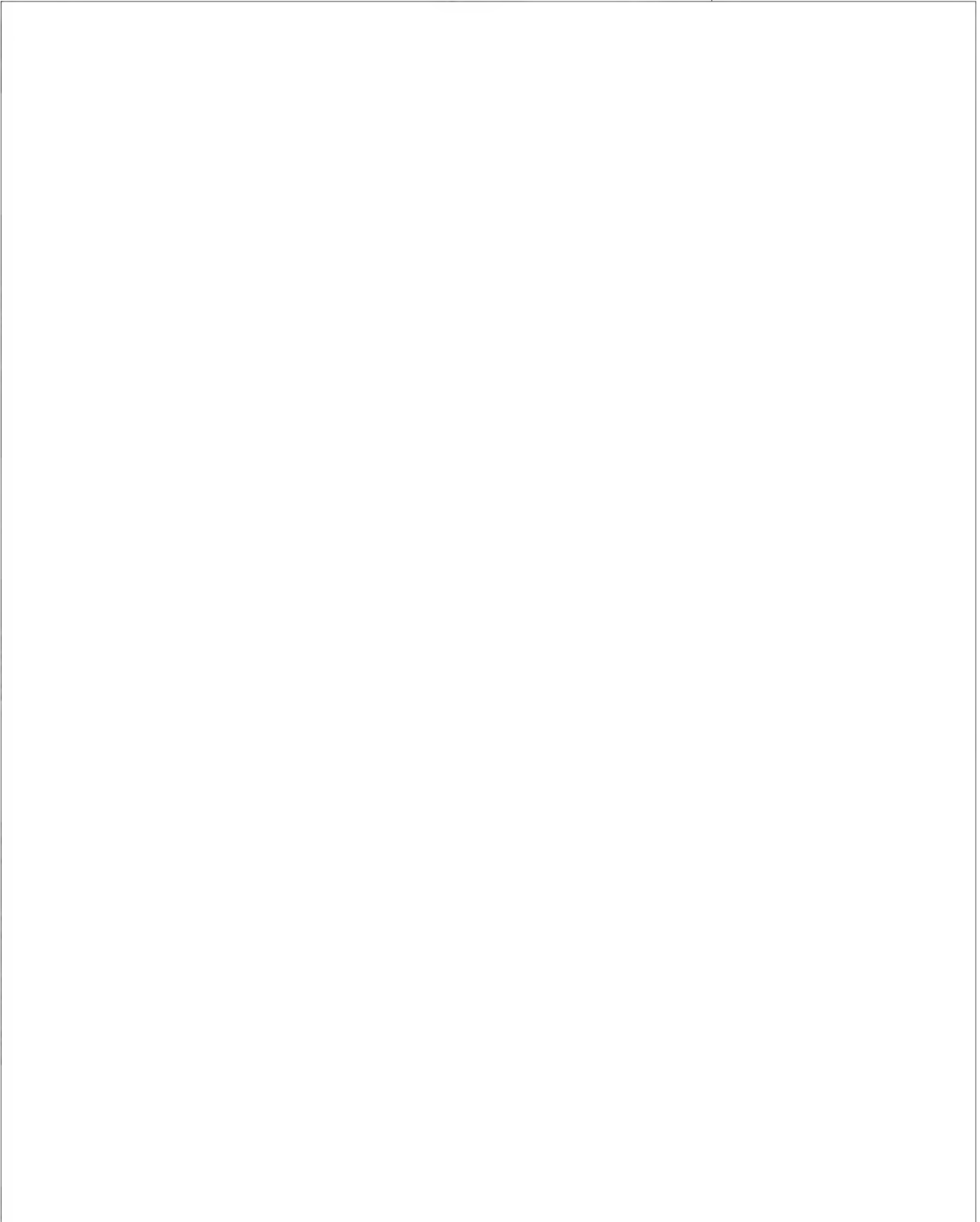
~~SECRET~~



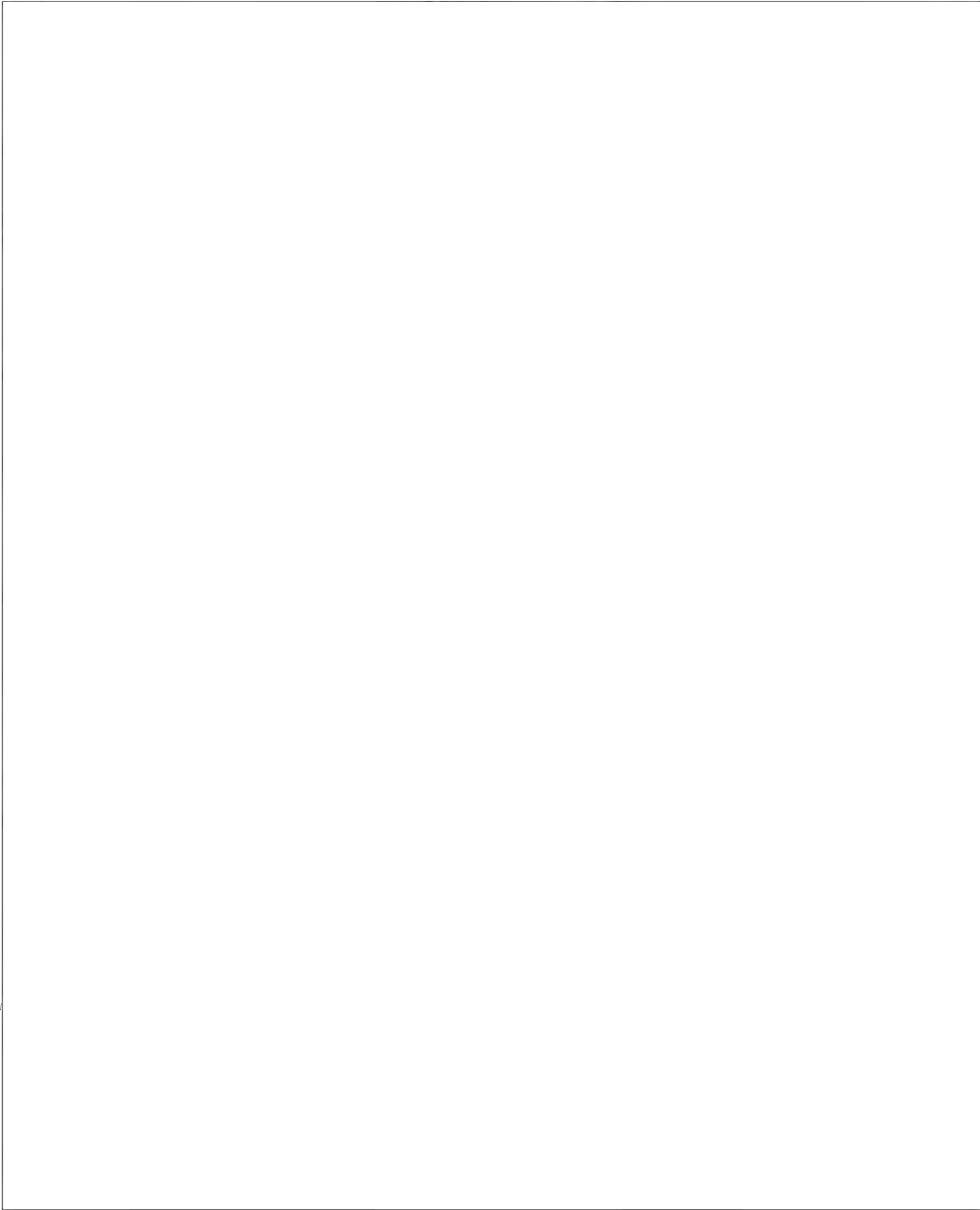
~~SECRET~~









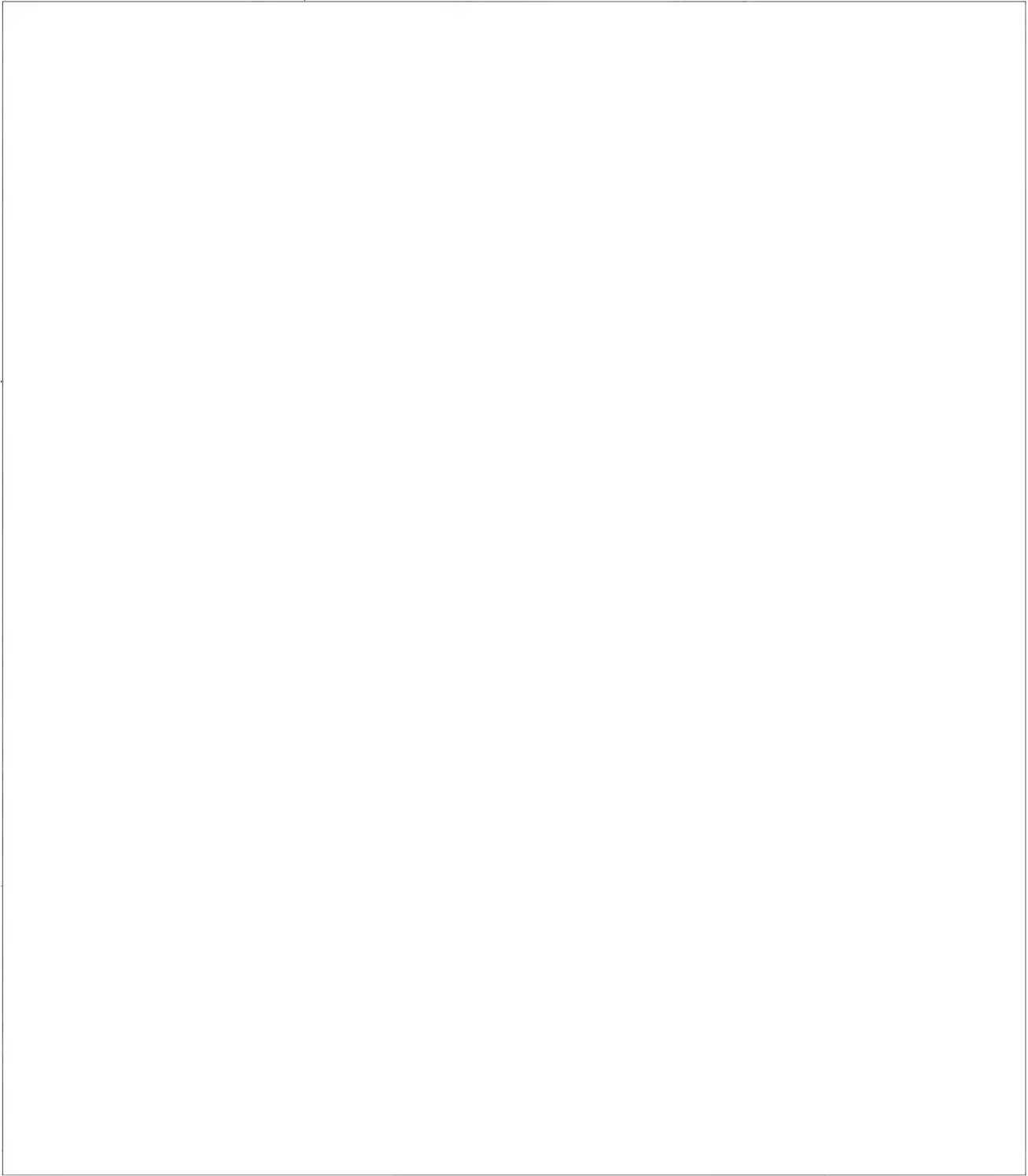


~~SECRET~~



~~SECRET~~





---

~~SECRET~~/

## **(U) SUMMARIES OF SELECTED CURRENT AUDITS**

---

--

~~SECRET~~/



## (U) INSPECTIONS

---

(U/[redacted]) The Inspection Staff is responsible for conducting inspections of CIA components to evaluate their mission performance, leadership and management effectiveness, and customer and partner relationships. The Staff also assesses major, crosscutting Agency issues to identify their efficiency and effectiveness and their compliance with law, Executive Orders, and regulations.

[redacted] During the current reporting period, the Staff issued inspection reports on Africa Division in the National Clandestine Service (NCS), the Directorate of Intelligence (DI) [redacted] the Office of Congressional Affairs in the Director's Area, [redacted] Leadership Training, and the Publications Review Board Process for Book Manuscripts. In addition, the Staff commenced inspections of Agency management of external tasking, [redacted] in the DI, the Office of General Counsel in the Director's Area, and [redacted] in the Directorate of Science and Technology. Finally, the inspection of returning from external rotations continued.

(U/[redacted]) The Staff closed [redacted] inspections that were open at the beginning of this reporting period: The Counterintelligence Center, [redacted] Human Resources, [redacted]

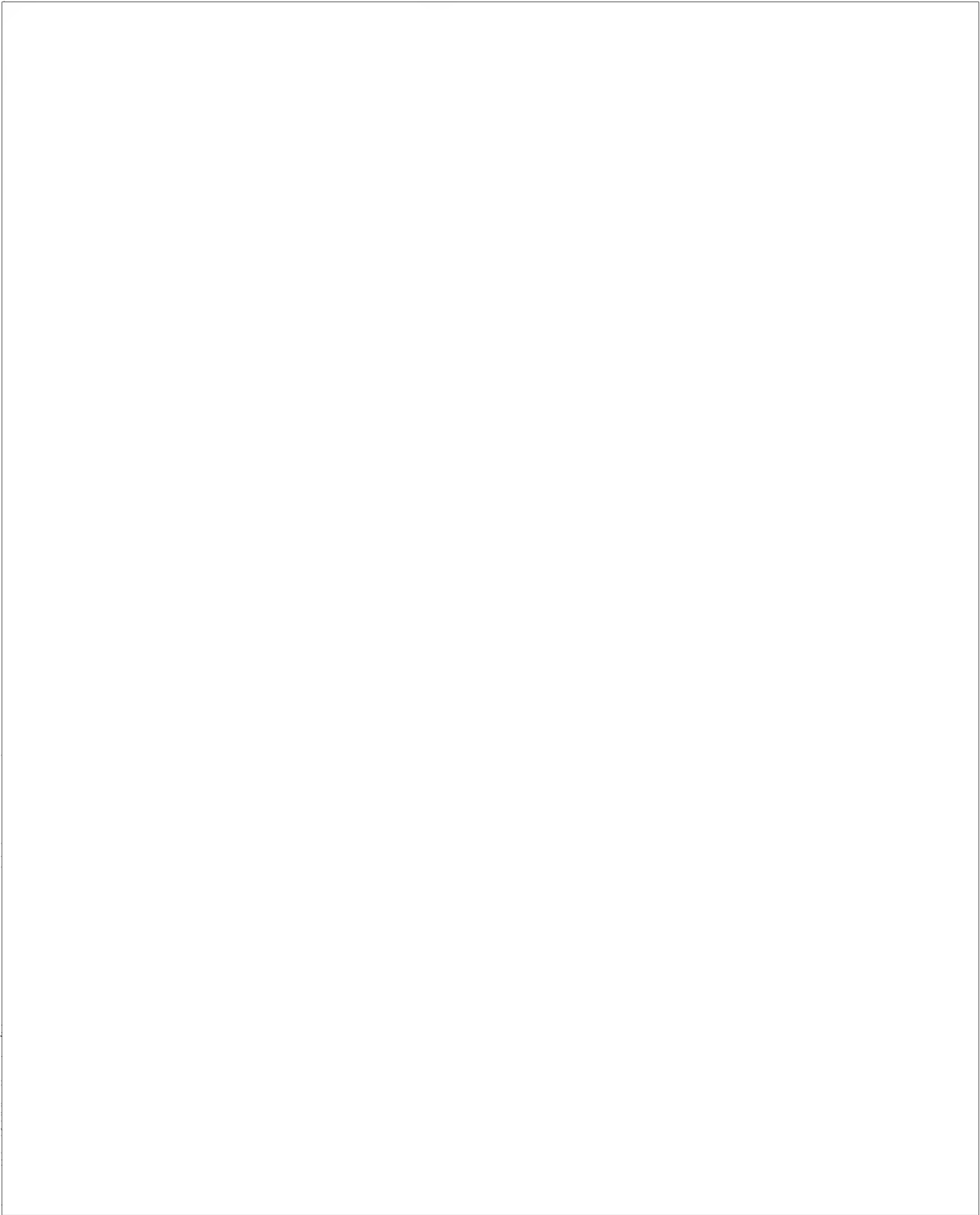
[redacted] The Staff also closed the inspection of Africa Division which was completed during the current reporting period, as it contained no recommendations.

(U/[redacted]) The Inspection Staff continues to conduct a two-week course for new inspectors; members of other government agency inspection and evaluation staffs are invited to attend on a space-available basis. During the current reporting period, the Staff updated the course to include a more recent case study. The Staff also provides an instructional seminar for team leaders before the start of each inspection cycle and seminars for Office of Inspector General (OIG) inspectors and research assistants during the course of each cycle.

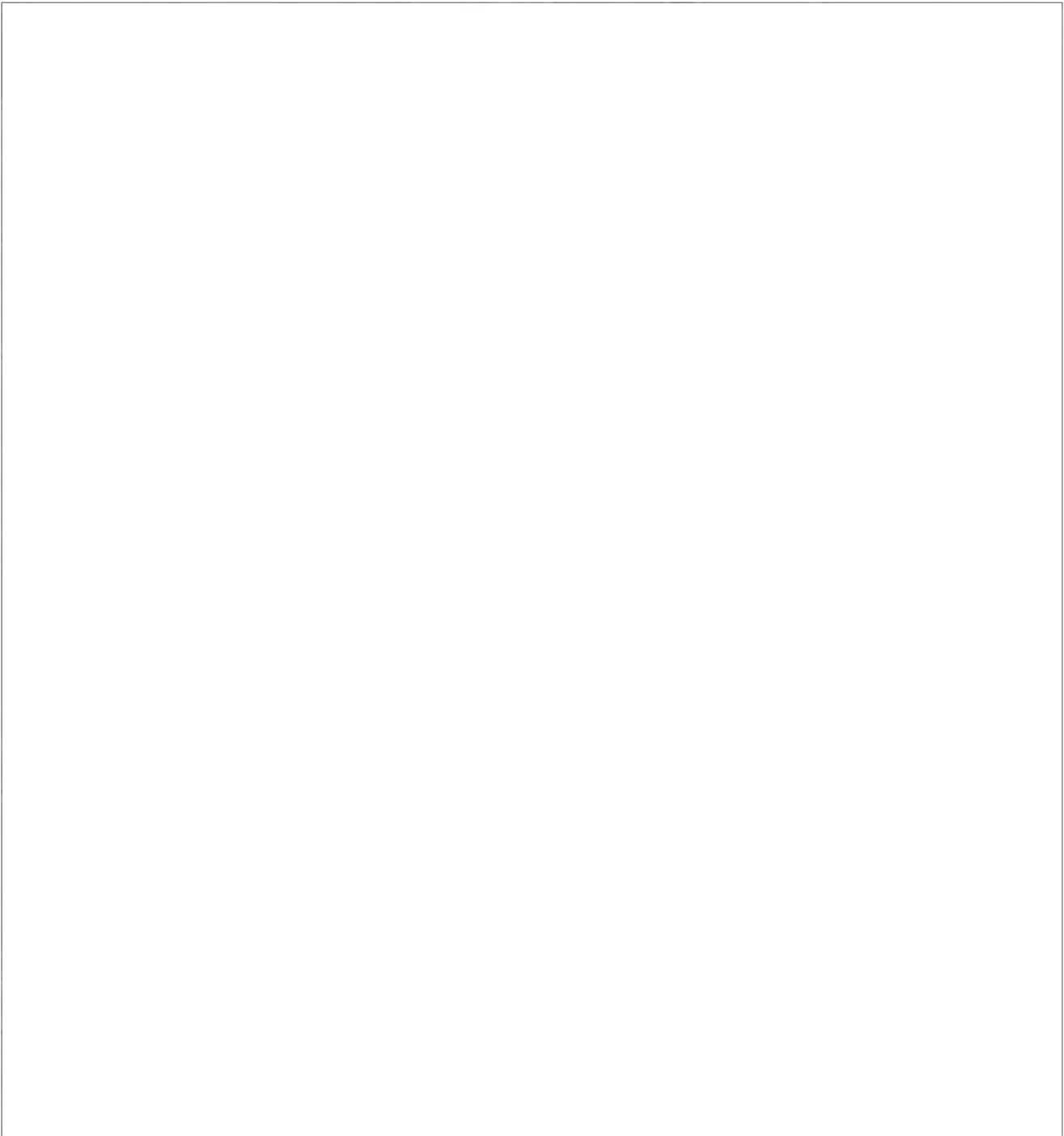
**(U) COMPLETED INSPECTIONS**

---

--









~~SECRET~~



~~SECRET~~



**(U) STATUS OF SIGNIFICANT RECOMMENDED ACTIONS  
OUTSTANDING FROM PREVIOUS SEMIANNUAL REPORTS**

---

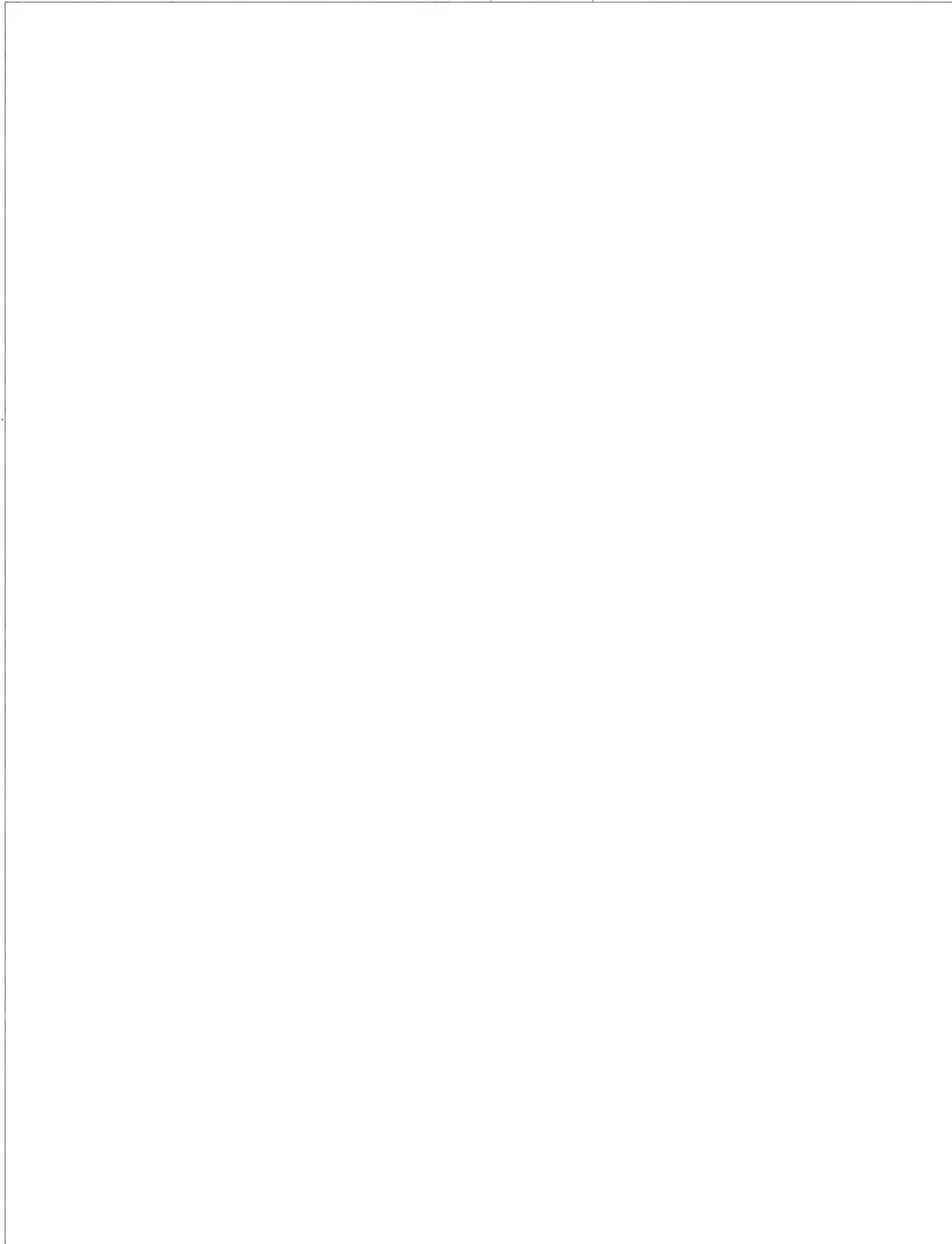
--

~~SECRET~~



~~SECRET/~~

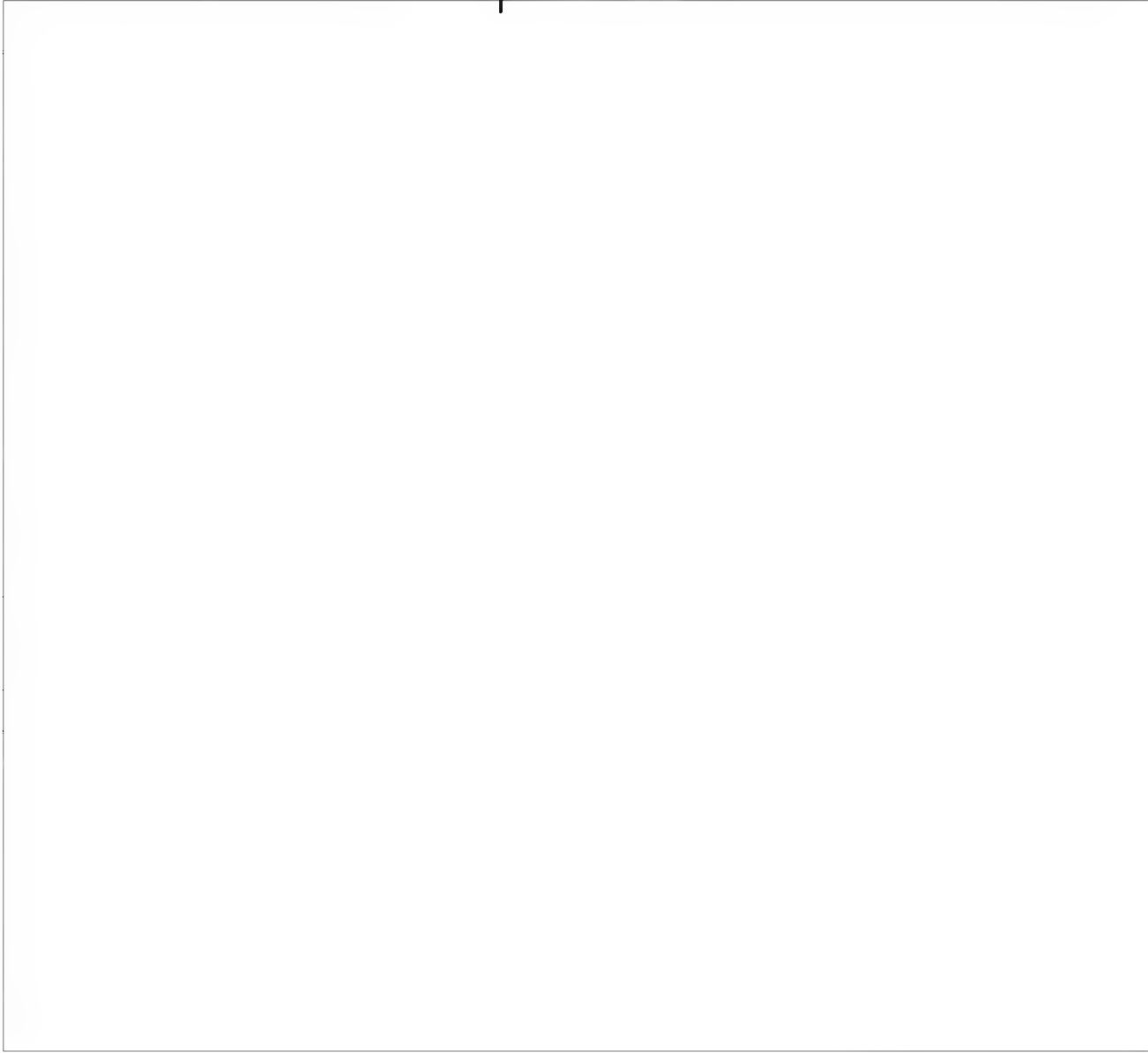
~~SECRET~~//



~~SECRET~~//



~~SECRET~~/



~~SECRET~~/





## **(U) SUMMARIES OF CURRENT INSPECTIONS**

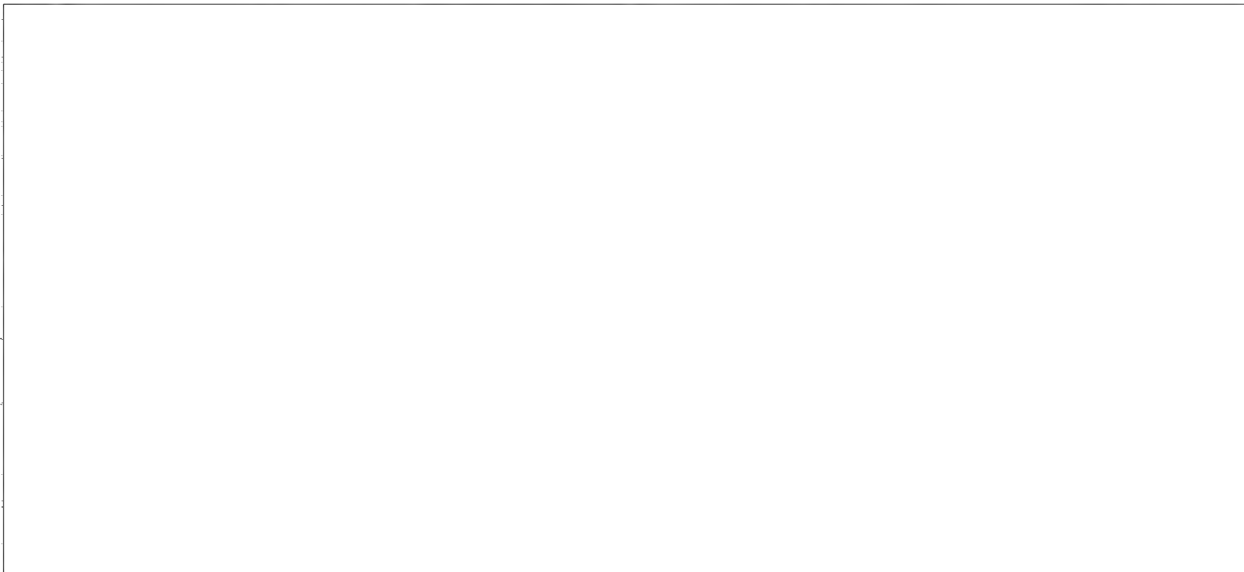
---

### **(U) RETURNING FROM EXTERNAL ROTATIONS**

(U) The inspection examines the effectiveness of the Agency's reintegration and onward assignment of officers returning from rotations outside CIA.

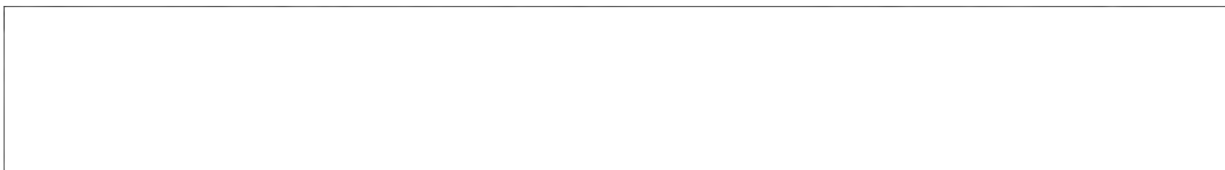
### **(U) AGENCY MANAGEMENT OF EXTERNAL TASKING**

(U) The inspection explores how CIA manages tasking from external entities and how this impacts the accomplishment of mission objectives.



### **(U) OFFICE OF GENERAL COUNSEL**

(U) The inspection focuses on OGC's performance against mission objectives, its interaction with partners and customers, and the effectiveness of its leadership and management.



## (U) INVESTIGATIONS

---

(U// ) The Investigations Staff is statutorily authorized to receive and investigate complaints from any person concerning possible violations of laws, regulations, policies, and procedures, as well as allegations of waste, fraud, mismanagement, abuse of authority, and substantial dangers to public health and safety related to Agency programs and operations. Investigations are normally conducted unilaterally by Office of Inspector General (OIG) special agents, but other federal investigative components, such as the Federal Bureau of Investigation, can be called upon when law enforcement authorities are necessary. The Staff also oversees the Agency's grievance system and conducts proactive initiatives aimed at detecting and preventing fraud, waste, and abuse.

(U// ) The Staff continued to focus its investigative efforts on thefts of US Government funds, conflicts of interest, contracting irregularities, false statements, and detention and interrogation issues. The Staff also completed several investigations that resulted in successful prosecutions by the Department of Justice (DOJ). In two separate cases, Agency officers entered felony plea agreements to embezzlement of official funds. In another case, a now former Agency officer pled guilty to theft and misuse of US Government credit cards and was sentenced to one year and one day of incarceration. A former Agency executive, who pled guilty to a one-count felony of honest services fraud and false statements, was sentenced to 37 months of incarceration. The Staff issues Employee Bulletins at the conclusion of many investigations to acquaint Agency employees with the serious consequences of violations of laws, regulations, and policies.

(U// ) The Investigations Staff continues to broaden its collaboration with partners and outreach to stakeholders.

The Staff also has begun monthly meetings with the Associate Deputy Director, CIA to keep him appropriately informed of the most sensitive cases while acquainting him with investigative methods and procedures.

SECRET//

(U// ) Improvements in information technology are being implemented that enable special agents to work with greater efficiency. The Staff shortly will deploy a new System, . Further expansion of Staff capabilities to acquire, search, and manage documents electronically will substantially benefit the timeliness in which investigations can be completed.

(U// ) The Staff is at full strength with special agents having a broadly diverse set of skills and investigative and Agency experiences. Staff training and career development remain high priorities. In-service training occurs at least monthly and serves to keep investigators current with fast-moving substantive and technical developments.

(U// ) The Staff continues to oversee the Agency-wide grievance system. In addition to addressing grievance appeals, the Staff maintains close contact with the Agency's grievance officers. These efforts, together with the emphasis on resolution at the lowest possible level, continue to contribute to effective and timely grievance resolution.

SECRET//

~~SECRET~~//



## **(U) COMPLETED INVESTIGATIONS**

---



~~SECRET~~//





~~SECRET~~/



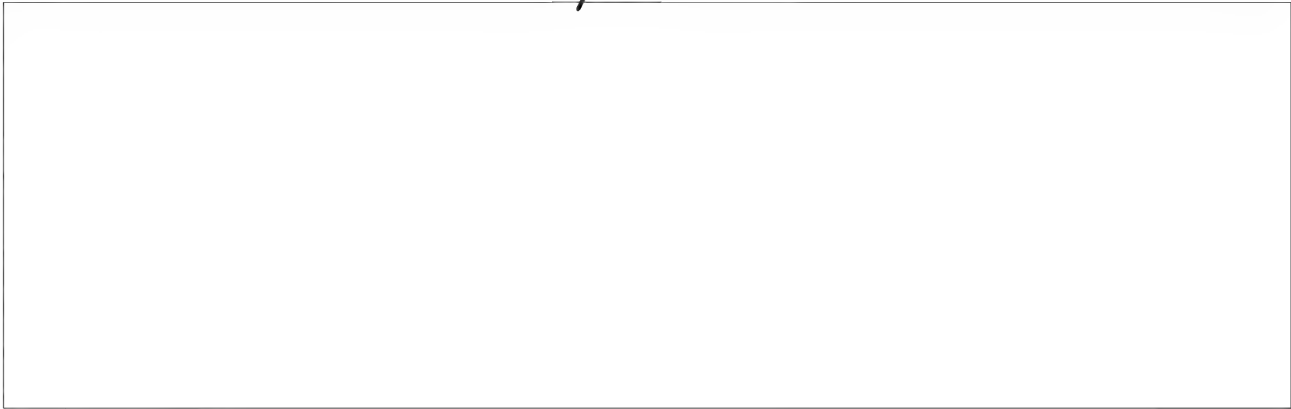
**(U) STATUS OF SIGNIFICANT RECOMMENDED ACTIONS  
OUTSTANDING FROM PREVIOUS SEMIANNUAL REPORTS**

---

~~SECRET~~/



~~SECRET~~/



~~SECRET~~/

## (U) STATISTICAL OVERVIEW

---

### (U) Audit Staff

(U//) During the period 1 January to 30 June 2009, the Audit Staff completed four audits and issued reports containing 24 recommendations to strengthen internal controls over covert action programs, financial management, and information technology. The Staff also completed an internal review and a joint review. Twenty-six audits or reviews are currently under way.

### (U) Inspection Staff

(U//) During the first six months of 2009, the Inspection Staff completed six inspections. At the end of the reporting period, the Staff also had seven ongoing inspections. In addition, the Staff closed six inspections.

### (U) Investigations Staff

(U//) The Investigations Staff completed work on 92 matters of various types during this reporting period. Of this number, 19 cases were of sufficient significance to be the subject of a final report: four Reports of Investigation and 15 Disposition Memoranda.

(U//) During this period, the IG formally referred eight matters to the DOJ based upon a reasonable belief that violations of federal criminal law may have been committed.

(U//) Recoveries on behalf of the US Government during this reporting period, as a result of the Investigations Staff's efforts,

(U//) As of 30 June 2009, 179 matters were in various stages of review by the Investigations Staff.

**(U) COMPLETED AUDITS  
1 JANUARY - 30 JUNE 2009**

---

**(U) Operations**

[ ]

**(U) Procurement**

(U) Independent Quality Control Review of Financial Audit Services

[ ]

**(U) Financial Management**

(U) General Controls Over the CIA's Payroll System

[ ]

[ ]

~~SECRET~~/

**(U) CURRENT AUDITS**  
**30 JUNE 2009**

---

**(U) Financial Management**

(U) Working Capital Fund Cost and Pricing Models

(U) Independent Audit of the CIA FY 2009 Financial Statements

**(U) Information Technology**

(U) FY 2009 Independent Evaluation of the CIA Information Security Program and Practices Required by the Federal Information Security Management Act (FISMA)

**(U) Operations**

~~SECRET~~/

~~SECRET~~/

**(U) Procurement**

(U// ) Services Obtained Under Memoranda of Oral Commitment, Memoranda of Formal Agreement, Memoranda of Understanding, and Letters of Agreement

**(U)  Activities**

~~SECRET~~/

~~SECRET~~/

**(U) COMPLETED INSPECTIONS**  
**1 JANUARY - 30 JUNE 2009**

---

(U) Africa Division

(U) Directorate of Intelligence Analysts Overseas Programs

(U) Office of Congressional Affairs

(U) Leadership Training

(U) Publications Review Board Process for Book Manuscripts

---

**(U) CURRENT INSPECTIONS**  
**30 JUNE 2009**

---

(U) Agency Management of External Tasking

(U) Office of General Counsel

~~SECRET~~/

~~SECRET~~

**(U) COMPLETED INVESTIGATIONS**  
**1 JANUARY - 30 JUNE 2009**

---

**(U) Department of Justice Prosecutions**

(U) Embezzlement of US Government Funds

(U) Theft of US Government Credit Cards

**(U) Reports of Investigation**

(U) Conflict of Interest:

(U) Time and Attendance Fraud (2007-8586-IG)

(U) Conflict of Interest:

(U) Conflict of Interest:

**(U) Disposition Memoranda**

(U) Time and Attendance Fraud

(U) Allegation of Unapproved Collection Program

(U) Possible Mischarging

(U) Conflict of Interest

(U) Allegations of Fraud, Waste, and Abuse

(U) Allegations of Fraud, Waste, and Abuse

(U) Allegations of Abuse

(U) Allegation of Fraudulent Information Influencing Personnel Evaluation Board

(U) Possible Child Pornography

(U) Alleged Misuse of Agency Computers and Related Equipment

(U) Possible Child Pornography

(U) Time and Attendance Abuse

~~SECRET~~

~~SECRET~~/

(U) Alleged Time and Attendance Abuse

(U) Alleged Time and Attendance Abuse

(U) Allegation of Misuse of Position

~~SECRET~~/

**(U) CURRENT INVESTIGATIONS**  
**30 JUNE 2009**

---

<b>(U) Category</b>	<b>Number of cases</b>
<b>(U/ ) Grievances</b>	
Management and Supervision	2
Other	3
<b>(U/ ) General Investigations</b>	
<b>Criminal and Prohibited Acts</b>	
Assault	1
Conflicts of Interest	16
Embezzlement	10
False Claims - Other	7
False Claims/Statements/Vouchers	10
False Claims - Time & Attendance	22
Firearms	1
Management and Supervision - Administrative	4
Megaprojects	2
Misconduct - Employee	10
Misconduct - Management	6
Obstruction of Justice	1
Procurement Fraud	14
Regulatory Violations	2
Retaliation	1
Theft/Misuse of Government Property	16
Waste	2
Other - Administrative/Criminal	33
Unsubstantiated Allegations	16
<b>(U/ ) Total Ongoing Cases</b>	<b>179</b>

~~SECRET~~



~~SECRET~~



SECRET [REDACTED]



Central Intelligence Agency  
Inspector General

SECRET/ [REDACTED]

1000611869